

Businesses ordered more long-lasting goods

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WASHINGTON — Businesses ordered more computers, communications equipment and other big-ticket items in August, a hopeful sign for the slumping economy.

Orders for capital goods, which are considered a good measure of business investment plans, rose 0.9 percent in August, the Commerce Department said Tuesday. It was the second gain in three months.

Overall factory orders fell 0.2 percent, after rising a downwardly revised 2.1 percent in July. A sharp decline in orders for autos and auto parts dragged down the overall total. But that follows July's jump in automotive orders, which was the biggest increase in eight years. Automakers are returning to full production after output was interrupted by Japan's March 11 earthquake.

Economists pay close attention to orders for capital goods, which exclude volatile demand for defense or transpor-

tation goods. Businesses typically order more industrial machinery and other capital goods when they are confident in the economy.

Shipments of capital goods rose 2.8 percent in August, the fourth consecutive gain. The government looks closely at shipment data when calculating economic growth.

The increase in orders and shipments suggests businesses kept investing in their companies during a difficult month. Stocks fluctuated wildly, Europe's debt crisis intensified and a raft of data showed the economy was more vulnerable to another recession.

Business spending should help boost growth in the July-September quarter. Many economists estimate growth will reach an annual pace of 2.5 percent in the quarter, an improvement from the 0.9 percent pace the first six months of 2011.

Still, that's not enough to lower unemployment, currently at 9.1 percent.

Orders of non-durable goods, such as food, beverages, and oil and gas, dropped 0.3 percent in August.



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In this September photo, shipping containers destined for the East Coast and Europe are loaded onto the cargo ship Baltimore at the Port of Boston. Businesses ordered more computers, communications equipment and other big-ticket items in August, a sign they aren't cutting back spending plans despite weak economic growth.